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Did Europe's mercantilist empires pay?

History Today; London; Mar 1996; O Brien, Patrick;

Volume: 46
Issue: 3
Start Page: 32
ISSN: 00182753
Subject Terms: Renaissance period
Economic conditions
Colonialism
Geographic Names: Europe

Abstract:
O'Brien examines the evidence on how national bank balances and economies were affected by the Age of Columbus and subsequent imperial expansion. By the mid-17th century most of the profits obtained from imperialism benefited Anglo-Dutch merchants, shippers, bankers, brokers and insurers.

Full Text:

European imperialism or the direct intrusion of power into the political, economic and social affairs of other peoples and other continents is represented in a history which goes back five centuries to the voyages of discovery and which is now almost at an end. That experience can be periodised into four phases: the long era of mercantilism, 1492-1846; the brief period of free trade which is symbolised by Britain's repeal of the Corn Laws in 1846 and which lasted down to the Great War; **neo-mercantilism** which marked the inter-war years; and the final phase of decolonisation and retreat from empire after 1945.

During the mercantilist era (the period addressed here) colonies, plantations, property rights and modes of conducting trade emerged to control the marketing of primary produce and minerals and to set unequal terms under which surpluses from Asia, Africa and the Americas were exchanged for the manufactured goods, temperate farm produce and commercial services sold by European merchants on world markets. Through superior military technology and advanced forms of political and business organisation Western Europeans either plundered and colonised the resources of other continents or reduced the weaker economies of Eastern Europe (the so-called semi-periphery) to conditions of dependency. They promoted forms of labour control (slavery and peonage at the periphery and serfdom and sharecropping at the semi-periphery) which maintained prices of exports sold on European markets close to subsistence wage costs.

Over time the imposed institutions of a European mercantilist and imperialistic economic order created patterns of specialisation and sustained terms of trade which helped the economies of Western Europe industrialise and achieve rising standards of living. At the same time and through their connections with Europe, the economies of the periphery (and semi-periphery) were pushed towards primary production, mono-culture and to slower rates of growth.

Alas, the tightly defined concerns pursued here might be castigated as 'repressively occidental' because they will not cover either the origins of imperialism or accord attention to Europe's impact (negative and positive) upon Asia, Africa and the Americas. Instead the analysis is confined to the benefits from mercantilist empires conceived and measured in terms of long run macro-economic outcomes for a small sample of European societies including Portugal, Spain, France, Holland and England a survey of the links between European investment in empire over the centuries from 1492 to 1846 and economic growth. The 'pay off' is supposedly embodied, not so much in the wealth of towns, churches, conquistadors, merchants and aristocrats who made fortunes from empire, but in the industrialisation of a continent.

By the second half of the nineteenth century progenitors of modern, urban and industrial market economies that we Europeans happily inhabit today had already appeared on our continent, but what were the connections between the advanced countries of Western Europe and their commitments to oceanic trade, maritime outposts and colonial possessions? What mechanisms emanating from commerce with Asia, Africa and the Americas operated to promote the long-run development of globally successful economies in Western Europe? Just how important were relations between the metropolis and its colonies for the latter's long-term evolution into economic systems that eventually provided such relatively high standards of living for their populations? Was it not the case (as the opponents of overseas expansion insisted almost from the very beginning) that commitments to empire operated to weaken European economies, to retard their development and ultimately to restrain progress towards affluent societies?

Such antitheses are interesting to pursue because most European economies industrialised without seriously committing capital, manpower, entrepreneurial talent and military forces beyond the borders of Europe. Furthermore, Italy (Europe's leading economy of the fourteenth and fifteenth centuries) entered into long-term economic decline as a direct consequence of the establishment of a Portuguese seaborne empire in Asia and the shift of the locus of oceanic trade from the Mediterranean to the Atlantic and North Sea.

Before the voyages of discovery the wealth of Italian states such as Florence, Venice and Genoa had been built on the basis of entrepot trades between Asia, the Middle East and Europe. These 'trades' concerned with the distribution of eastern commodities (including porcelain, perfumes, aromatics, jewels, pepper and other spices, cotton fibres and sugar) was dominated at its Mediterranean end at Alexandria and Tripoli -- by Italian merchants, Florentines, Genoese and above all by Venetians. What the Italians did with consummate skill was to act as middlemen (financiers as well as merchants) between east and west and to process eastern raw materials, raw sugar, cotton fibres, silk, drugs etc. into finished commodities for sale around the ports and towns of the Mediterranean and northern Europe.

After 1492 Iberian expansion into other continents and oceans steadily undermined Italian prosperity. First, the Portuguese established direct routes by sea to Asia and shipped an ever increasing share of goods from the east into Lisbon and Antwerp. Then Portuguese, Spanish, Dutch, French and English investments in the tropical Americas brought the vast natural resources of a new world into direct competition with Asia and the Middle East. Sugar, coffee, jewels, spices, dyestuffs, cotton and pharmaceuticals came in time to be procured more cheaply and easily across the Atlantic. New middlemen and entrepots -- the Portuguese through Lisbon, the Dutch through Amsterdam, the French via Bordeaux and the English through London -- replaced Italian merchants, ports and city states in servicing European markets.

Of course other powerful factors also contributed to the decline of the Renaissance cities of Italy; not least the advent of Ottoman power in the eastern Mediterranean and the wars fought on Italian soil by the armies of France and Spain. Their troops were, however, in large degree, also funded by silver imported from the new world. All in all Iberian imperialism, followed in the seventeenth century by the intrusion of Dutch and English sea power and merchant shipping into the Mediterranean, precipitated the decline of Italy that was not really arrested until the twentieth century and then, ironically, by the migration of millions of Italians to the Americas.

Given that the global expansion of their Mediterranean neighbours can be read as negative for Italy and that most of Western Europe industrialised without direct recourse to political intrusion into the economies and societies located upon other continents, the question remains: what exactly did 'imperialism' contribute to the long-term economic development of those powers most actively and consistently involved in oceanic trade and the acquisition of colonies and resources outside Europe?

Portugal, a small, rather poor but highly entrepreneurial society, began its great venture overseas some decades before 1492. Located, like Spain, on the Atlantic and the Mediterranean, it traded on both seas. In the second half of the fifteenth century its sailors pushed down the west coast of Africa (importing gold, ivory, spices and slaves) and then out into the Atlantic to colonise the Azores and Madeira. By 1487 Portuguese explorers reached the Cape and in 1498 da Gama pushed on to India. Portuguese imperial strategy then passed through two phases -- focused first on Asia and, when that enterprise failed, on Brazil -- acquired under the Treaty of Tordesillas in 1494. In Asia the Portuguese crown emulated Venice and deployed sea power to secure a complete monopoly of oceanic commerce with Europe, particularly for the trades in pepper and other spices, but also control over the import of porcelain and Indian and Chinese textiles.

To protect its claims to monopoly the Portuguese crown invested in ships, naval outposts and fortresses on the Red Sea, the Malabar coast and other ports around the Indian Ocean. Their heavily armed and technically superior ships attacked Muslim, Indian and European shipping sailing in Asian seas without license from the crown. To trade peacefully in Portugal's oceanic waters tribute had in theory to be paid to the Portuguese king. He claimed the right to levy taxes on all seaborne trade within Asia and the Middle East and on all eastern spices, textiles, porcelain and other high value goods carried into European ports.

Of course, the audacious attempt to protect a global monopoly of commerce by such a small country, albeit with a good navy, failed. Already in the fifteenth century Castile contested Portuguese domination of trade with Africa. By the late sixteenth century (when Spain occupied the Philippines) Dutch and English ships and merchants soon arrived on the scene and joined with Muslims in attacks on Portuguese fleets and naval bases. During the unification of the Iberian crowns from 1580 to 1640, the enmity of the Dutch and the English became more assured, vicious and effective. Between 1600 and 1630 the Dutch drove the Portuguese from the Spice Islands. Squeezed out of Asia, Portugal recovered its colonies in Brazil and concentrated upon the exploitation of an Atlantic empire. Using coerced Indian and African slave labour Portuguese capitalists shipped hard woods, dyestuffs, tobacco, sugar and above all massive amounts of gold into Europe. Portugal's pay-off for investment in empire really came on stream in the eighteenth century and rested heavily on the Brazilian gold boom of 1692-1770, and to some extent upon sugar.

Nevertheless, the feedbacks and spin-offs to the home economy turned out to be negligible. Local agriculture was not improved because technical possibilities for the transformation of Mediterranean farming before the advent of chemical fertilisers and mechanised irrigation systems remained entirely limited. But the transplanting of American maize did solve the problem of feeding Portugal's population.

For several reasons local industry also remained underdeveloped. First the entrepreneurial talent drawn from such a small population could make money more easily by engaging in mercantile enterprise or could live well as rentiers on investments in Brazilian mines and plantations. Secondly (and to paraphrase the predictable argument advanced by Portuguese historians) local industry never received proper protection against imports -- initially from France and increasingly from England. Their views rest, however, on two questionable assumptions: namely that Portugal might have developed the skilled manpower required to produce sufficient tradeable goods in order to exchange manufactures for the gold and primary produce of Brazil, and secondly that the revenues of a small state would have been sufficient to afford the protection necessary to defend its Brazilian empire against potential predators, including, after 1640, Spain, France and Holland.

To survive as an independent European state, Portugal needed an alliance with a major naval power. The cost of that famous alliance with England allowed English merchants and English industry favoured access to Portuguese domestic and imperial markets. Given its geopolitical position, the attitude of Spain and the enmity of the Dutch, the gains from Portugal's investments in empire had to be shared with England. Portuguese historians maintain their country paid disproportionately for the alliance. Freedom may be priceless but protection turned out to be costly.

Why, however, did the early acquisition of a huge empire in a new world, rich in natural resources, do so little to promote the development of an industrial market economy in Spain, a much larger power? Unlike the Portuguese in Asia, Spanish explorers and merchants in the Americas did not encounter populations and infrastructures ready for oceanic trade and mutually profitable commercial exchanges. Where settled city economies and civilisations existed, such as Mexico and Peru, they turned out to be virtually defenceless in the first waves of contact for plunder. Those early and unfortunate attacks (and above all the transmission of disease) rendered Amerindian urban populations incapable of sustained trade with Europeans whoever they were.

To realise the huge potential inherent in the discovery of the resource-abundant but labour-scarce continent of the Americas required: continuous investment in exploration; the formation of social overhead capital (including ports, housing, internal transportation, oceanic shipping); the establishment of new forms of political and commercial organisation; the transportation of African slaves; and land clearance and the transplanting of European crops and animal populations across the Atlantic to new ecological environments. Above all, Spain's imperial venture required colonisation and settlement in an alien and non-capitalist environment. Furthermore, economic systems and capital assets which had taken centuries to build up in Europe -- and also in Asia -- had to be put in place more rapidly in the Americas because investors and governments back home continued to be impatient for easy and quick returns.

For some fifteen decades after Columbus' historical voyages, the bulk of the investment -- required to realise the potential of the Americas through the establishment of oceanic trade with Europe -- continued to be undertaken by Spain. In the early decades of the sixteenth century, and despite the fortunes made by famous adventurers from Extremadura, the balance of trade for commodities and services sent to the Americas remained heavily against Spain. Fortunately, and in the long run not so fortunately, around 1545 the great mine of Potosi opened up just as imports of plundered gold began to decline. Thereafter silver imports turned the balance of trade heavily in favour of Spain. By how much varied from time to time depending on the quantities of silver mined in the new world and its purchasing power on European markets. But even at peak shipments, between sixty and seventy per cent of the bullion arriving in Seville was used to pay for goods and services that represented European exports consumed and used by Americans in the Americas.

Yet in so many ways, bullion turned out for Spain to be a lot less valuable a return cargo than it seemed to be at the time. On the one hand the lure of treasure and quick fortunes maintained interest, promoted investment and led to the settlement of young and energetic Iberians in the Americas. On the other hand neither gold nor silver are metals that could be utilised for construction or transformed into tools, weapons or household artefacts by Spanish craftsmen. When not used as money, gold and silver are crafted into articles of adornment for royal palaces, churches, aristocratic mansions and merchant houses. Bullion is not the raw material upon which large-scale and utilitarian forms of metallurgical industry, enterprises and jobs can grow, It is, however, the stuff from which money is made and taxes are paid. Wherever and whenever kings and princes can somehow expropriate precious metals, their traditional and central fiscal problems are immediately alleviated.

Royal power in early modern Europe was basically constrained by the king's need to raise taxes from his recalcitrant and often rebellious subjects and provinces. The more they depended on taxes the less sovereign and autonomous they became. In some cases their dependence could be almost total. For example, Philip II's arch enemy Elizabeth I funded most of the Tudor state's expenditures from taxation; the rest came from her own royal estates -- plus occasional supplements from English pirates like Drake and Hawkins, who preyed on Spain's treasure fleets.

One way and another something like a quarter of all the bullion mined in the Indies passed directly under the control of Spain's monarchs. This gave that Habsburg state immediate control over a large share of the resources required to fund whatever expenditures those extraordinary monarchs Charles V, Philip II and their successors chose to make. What is more, bullion imports became a guaranteed flow of royal income on the basis of which Spanish kings could borrow money from European bankers and merchants. Silver and gold substituted for taxes and provided the basis for the rapid accumulation of an enormous royal or national debt. In effect, bullion underpinned arbitrary and autocratic forms of government.

Neither of these fiscal and political attributes, embodied in the flow of American treasure that passed through the coffers of the Habsburgs, can be represented as necessarily inimical to a state more responsive to the longer term development of the Spanish economy, or to the welfare of the Spanish people. Historians believe it turned out that way because successive monarchs used their gigantic windfall from the Americas to fund diplomatic strategies and imperial policies that produced almost no long-term economic gains for Spain. Some part of their military expenditure supported policies which were popular and designed to concentrate the gains from investment in the empire in Spanish hands. French, Dutch and English mercantilism was no different in driving for national monopolies in oceanic trade.

At that time Europe was a long way from the liberal international order which emerged between 1846-1914. Spaniards had invested massively in the foundation of an empire and relied on the Crown to exclude, tax and licence foreigners who wished to do business with and within their possessions. The cost of protecting capital was very large in the mercantilist era and the Habsburgs never invested enough in the naval power required to protect their subjects' assets in the Americas. Spain lost territory in the Caribbean, failed to suppress English and Dutch piracy and above all never managed to check the massive conspiracy spearheaded by its Dutch and English enemies to smuggle goods into and out of Southern America. Throughout the period these Protestant 'free riders', who made no contribution to its overheads, denuded returns from the Spanish investment in the empire. Meanwhile, the Habsburg state concentrated the bulk of its 'take' from the Americas on European and dynastic power politics.

Attempts to monopolise transcontinental commerce rarely worked. Furthermore, and although Spain was a larger and better endowed economy than Portugal, inevitably it too never accumulated the capital, skilled manpower and other resources required to prevent trade with its empire from becoming steadily more multilateral. When Spain acquired an empire in the fifteenth century the home economy was not regarded as among the most advanced in Europe. In 1492 Spanish industry and agriculture did not seem poised for export-led growth. Yes, in the early stages and again in the eighteenth century exports to the colonies did impart a real stimulus to several industries and towns, but what stands out from Spain's economic history is the declining share of industrial goods and commercial services supplied to Latin America by Spanish firms and merchants before the break up of the empire after 1808.

Perhaps, like Portugal, this predictable outcome occurred because the opportunities to invest in the facilities and organisation required to import bullion and raw materials from the Americas satisfied whatever entrepreneurial talent was around. Perhaps the empire provided Spaniards of that time with too many more profitable ways of becoming rich, as soldiers, as royal creditors, as merchants, as advisors and as sleeping partners to foreigners? Perhaps -- as the English discovered later on nations become tired of an endless quest for wealth and power and tend to rest on their laurels and enjoy the fruits of what they have so painfully acquired.

Meanwhile, and however hard they tried to exclude 'interlopers', the gains from imperialism had to be shared with France, Holland and England. In Spanish eyes an unearned and increasing share of the benefits from overseas expansion, which began to flow back into Europe from mid sixteenth century onwards, eventually accrued to two powers: Holland and, above all, England. France did try to 'get in on the act' and achieved modest stimulus to urban and industrial growth in the eighteenth century through trade with its own colonies in the Caribbean -- particularly with San Domingo. Nevertheless, because France (like Spain) remained a continental power, Bourbon governments never concentrated enough strategic resources on securing its territory in the Americas and defending its trade in the Atlantic. By 1815, after eight expensive military conflicts, France had lost the 'second hundred years war' with England and all prospects of being anything but a minor imperial and global power. Richelieu's and Colbert's vision of a thriving Atlantic economy based upon Bordeaux, Nantes, Le Havre and Rouen was eventually thrown away by Napoleon's premature drive for an embryo European common market dominated by France.

Historians now engaged in drawing up the balance sheet for the mercantilist age of imperialism, recognise that two protestant societies garnered a 'disproportionate' share of the benefits from trade and colonisation with Asia, Africa and the Americas. Commerce with other continents did more to propel England and Holland towards successful industrial market economies than it did for any other nation in Europe. Thus by the mid seventeenth century most of the profits obtained from servicing intercontinental trade accrued to Anglo-Dutch merchants, shippers, bankers, brokers and insurers. Large (but, alas, impossible to measure) shares of oceanic trade within and also beyond the empires of Holland and Britain were financed, shipped, insured and distributed through Amsterdam and London. Cargoes of manufactured commodities and processed foodstuffs exported to other continents were made in Holland and, increasingly, in England. Imports from Asia and the Americas, tropical groceries (sugar, tea, cocoa, coffee, spices, pepper) and industrial raw materials (hardwoods, botanic drugs, cotton, raw silk, dyestuffs, furs, oils and wax) provided inputs for industries located in and around Dutch, English and Scottish ports. Some of those raw materials, manufactured into finished goods for sale mainly on European markets, also returned in a more processed and valuable form as exports to Asian, African and American consumers.

While England developed into the first industrial nation, Dutch and Flemish industry never remained far behind and for more than a century Holland continued to be widely recognised as the most successful commercial society in Europe. Mercantilist rivalry spilled over frequently into warfare between the two powers but politically and ideologically Holland and England shared common enemies, France and Spain, and evolved into complementary economies. At the height of three Anglo-Dutch conflicts in the late seventeenth century London and other ports continued to adopt all the practices, techniques and forms of organisation that had made Holland and Amsterdam so conspicuously affluent. Dutch banks, stock markets, corporate forms of organisation, insurance, shipbuilding, nautical techniques, craftsmen, merchants, machinery and industrial technology diffused easily across the North Sea. After a Civil War and the execution of its Stuart king the English state redesigned its taxation and financial system along Dutch lines. In 1688 to ensure that the nation's fiscal, foreign and imperial policies attended to the pressures of commerce, parliament invited a Dutch Protestant prince to take the throne. Thereafter, with just a minor lapse during the American War of Independence, English and Dutch enterprise became increasingly integrated. Dutch savings poured into the English national debt. Dutch merchants and financiers settled in London.

Like the bourgeoisie of that other small and maritime power, Portugal, Dutch capitalists welcomed the protection their investment derived from the powerful royal navy. On the Atlantic and in the Mediterranean they joined their fortunes to the aggressive and successful mercantilism of Hanoverian England. In Asia they kept to their place. Elsewhere they took good care to avoid provocative competition and opened their domestic and imperial markets to British manufacturers. In short, the Dutch economy never seriously declined. It simply became a part of an integrated and successful mercantile-industrial system separated by the North Sea. During its golden age, between 1585 and 1740, Holland's enduring contribution had been to lower transaction costs for world commerce so that in terms of value, volume and the feedback effects, trade leapt forward after 1650. With Dutch help England constructed a fiscal state capable of funding the naval power required to lower protection costs first for its own merchants, financiers, shippers and industrialists; secondly, for its friends and allies (Holland and Portugal) and eventually, after Napoleon's defeat at Waterloo, to establish a Pax Britannica for the global economy at large.

But did mercantilist empires pay? For Western Europe the answer must surely be affirmative. Without the discoveries and expansion of European power into Asia, Africa and the Americas, the European economy (in Victorian times) would have been poorer, the composition of its output would have been more agricultural and less industrial in form and lower proportions of its workforce would have been employed in industry and resident in towns. Europe's potential for further and even more rapid economic advance -- based upon indigenously generated science and technology -- could have been restrained.

This perception of real gains for development over the long run accruing from imperialism and global expansion will be reaffirmed if we remind ourselves of the foodstuffs, raw materials, minerals and manufactured commodities that flowed from the rest of the world into European ports, falteringly at first -- but rapidly when prices and costs fell after 1650. That list includes: tropical groceries (pepper, cinnamon, cloves, nutmegs, ginger, chocolate, coffee, tea, sugar, groundnuts and tobacco); basic foodstuffs (fish and fish oils, maize, potatoes, tomatoes, beans, chilies, rhubarb); botanical medicines (cocaine, quinine, narcotics); industrial raw materials (hardwoods, raw silk, cotton fibres, furs, wax, indigo, cochineal and other dyestuffs); manufactures (porcelain, jewels, textiles); and above all the gold and silver of Southern America.

The significance of these commodities that represent tangible bounty from the first age of European imperialism should neither be ignored nor exaggerated. For example, several European industries were ultimately based upon prototype manufacturers diffused from Asia and the Islamic world -- including silk, cotton textiles, porcelain and jewellery. Employment and capital formation occurred to process the raw materials carried into major ports for purposes of refining sugar; spinning and weaving silk and cotton into textiles; dyeing, printing and finishing of cloth; the manufacture of furniture; coffee roasting; tobacco processing; and chocolate making. The otherwise monotonous diets of medieval families were not only spiced but diversified in interest through the introduction of tomatoes, sugar, coffee, tea and cocoa. Alas, we cannot measure either the incentive effects that the increasing availability of 'luxury foodstuffs' had upon the propensity to work or the curative, productive and energising properties of botanical medicines, sugar, tea, rhubarb and fish oils. More importantly, the calorific additions to domestic food supplies brought about by the import of maize, potatoes and fish from Atlantic waters cannot be ignored. Feedbacks from global trade to growth of major ports and to the shipbuilding, shipping, commercial and financial services that formed an integral part of the prosperity have also been presented as central for the growth of Seville, Cadiz,- Lisbon, Antwerp, Amsterdam, London, Glasgow and Hamburg.

Even for Iberia (where massive imports of precious metals from the Americas and Africa are nowadays considered to have done harm to the long run economic development of Spain and Portugal) it is necessary to recognise how instrumental bullion turned out to be for the development of European monetary systems. Minted into coins and used as widely accepted collateral for instruments of credit and paper circulation, silver and gold formed the indispensable basis for the expansion of both the domestic and the global supply of payments. Without that expansion in money and credit, and because something like one third of the strategic goods and primary produce imported from the Baltic could not be covered by countervailing exports, intra-European trade and specialisation between the Baltic, Western Europe and the Mediterranean would have been constrained. Furthermore, trade with China, India and other parts of the East could have been even more constricted because for long stretches of the sixteenth, seventeenth and eighteenth centuries, something like three quarters of the imports purchased in Asia and carried back to Europe could not be covered by reciprocal exchanges of commodities and services. Bullion flowing into Iberia acted as the almighty dollar of the day. One way or another Europeans obtained the silver they needed to carry on trading with the Baltic, Asia and with each other because the Iberians (like the Americans in our own times) ran massive deficits on their balance of trade accounts. That stabilised European economies, encouraged trade and facilitated their growth and transformation which eventually left Spain far behind.

Europeans will also not forget that it was Habsburg power, funded by American silver and gold, that finally halted the thrust of the Ottoman imperialism in the' eastern Mediterranean and in the Balkans. In checking the threat from Turkey and Islam those almighty monarchs, Charles V and Philip II, also convinced Europeans that, politically, their continent would be the best organised as a competitive state system and not as a new Holy Roman Empire ruled from Spain. Over the long run that distinctive state system, with its rivalry and expensively maintained balance of power, contributed positively towards the evolution of European countries into technologically progressive market economies.

In several diverse and often unforeseen ways the imperialism of the mercantilist era surely paid for Western Europe as a whole, even if the returns over the long run did not accrue to Iberian societies which had entered early and invested heavily in the making of a new Eurocentric global economy. Nevertheless, historians should resist arguments which identify the expansion of European power as the main impetus behind Western Europe's long term economic success compared to other continents now represented as the 'Third World'. Even for England, where the pace and pattern of industrialisation between the Civil War and the victory for free trade some two centuries later can be most clearly associated with imperialism and the expansion of world trade, benefits should not be exaggerated.

Nevertheless, the positive correlations seem visible enough in the British example. For example, a high but by no means dominant share (possibly thirty to forty per cent) of all the extra industrial output manufactured in Britain during the Industrial Revolution was exported overseas; mainly to the Americas, Asia and Africa but also to other European countries, who in turn derived their capacities to spend money on British goods from participation in world trade. Profits from servicing global trade helped to fund the expansion of British industry, internal transportation, financial intermediation, distribution and other activities closely associated with industry; as well as the growth of housing and other infra-structure facilities required to support the extraordinary growth of London and other towns. British merchants became industrial entrepreneurs, bankers and members of parliament. They successfully lobbied aristocratic governments to create legal and institutional conditions for the efficient operation of commodity capital and labour markets.

Receipts from exports procured imports, including some strategic goods (timber, pitch, tar, hemp and bar iron), as well as such important raw materials as silk, flax, cotton, dyestuffs and sugar. Imported luxuries (tobacco, tea, alcoholic beverages and high quality textiles) provided incentives for harder work, and also supplied the customs duties required to fund the powerful navy which guarded the state, protected trade and oversaw the expansion of Britain's possessions overseas.

For the First Industrial Nation there could be no gainsaying the positive connections between imperialism, trade and long-term economic growth, which by 1846 had elevated the British economy into the workshop of the world. But there were other, and probably more significant, factors including: the kingdom's highly productive agriculture, its abundant and accessible deposits of coal and the steady accumulation of a skilled workforce capable of inventing and developing new machinery. Britain had, furthermore, participated in networks of intra-European trade, in European migration and the exchange of scientific and technical knowledge for centuries before Columbus, Da Gama and other navigators embarked upon their famous voyages of discovery.

One final thought; Cobden, Hobson and other radicals persuasively predicted that, once the security of the realm had been assured and the international economic order moved towards free trade, to hang on to such a huge empire for another century would, and has indeed proved to be, counterproductive for the long-term vitality of the British economy.

FOR FURTHER READING:

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Patrick O'Brien is Professor of Economic History and Director of the Institute of Historical Research, in the University of London and the editor with Roland Quinault of The Industrial Revolution and British Society (Cambridge University Press, 1993)